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August 25, 2005

By Courier and E-File

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station, 2nd floor
Boston, MA 02202

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

This letter responds to the letter dated August 23, 2005 from counsel to Local 273 of the Utility Workers Union of America ("Local 273") in which Local 273 claims it has been prejudiced by Bay State's delay in responding to information request UWUA-2-11 "and so many other information requests".

Bay State received more information requests in this proceeding than have other utilities in similar general base rate proceedings before the Department in recent years. The Company has made every effort to respond as quickly as possible to all requests, although the sheer volume of requests received did not permit it to respond in numerous cases by the time period set forth in the ground rules for this case.

Information request UWUA-2-11 sought total compensation figures, consisting of wages and long-term incentive stock-based compensation, for certain NiSource officers and was not a simple request to respond to. Bay State did, however, provide Local 273 with a draft of its response to this request on July 25, 2005 in order to assist Local 273 in its cross-examination of the Company's witness on payroll, wages and benefits, Mr. Barkauskas. Tr. 2284, July 25, 2005. In its letter, Local 273 notes that the response indicates that in 2001 a relatively small amount of NiSource officer compensation was allocated to Bay State. The merger between NiSource and the Columbia Energy Group occurred in 2000-2001 (Exh. BSG/SHB-1, p. 16), and this was a period when NiSource and its affiliates were undergoing organizational changes. More importantly, the allocation of officer compensation to Bay State in 2001 is irrelevant to this

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proceeding, which concerns the 2004 test year costs for Bay State and the rates to be in effect for the rate year beginning December 1, 2005. There has been ample opportunity in this proceeding to examine the Company's witnesses on payroll, compensation and benefit issues as well as the NiSource Corporate Services Company agreement and the allocations in effect during the test year and to be in effect in the rate year.

The record in the proceeding does not support Local 273's claim that it has been prejudiced.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert L. Dewees, Jr.", written in a cursive style.

Robert L. Dewees, Jr.

RLD/tlm
Enclosure

cc: Caroline O'Brien Bulger, Esq., Hearing Officer
A. John Sullivan (7 copies)
Andreas Thanos, Assistant Director, Gas Division
Alexander J. Cochis, Assistant Attorney General (4 copies)
Paul R. Osborne, Assistant Director, Rates and Revenue Requirements Division
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